

## **Agua SUD Terminates Palmview Sewer Project Contractor**

**Palmview, Texas** – The Agua Special Utility District remains committed to its ratepayers and the residents of Palmview. The District has been as patient as possible with all phases of the Project's progression. While all phases of the Project have encountered challenges and difficulties, only Project 2 (Group A&G) has come to a standstill due to the contractor's unwillingness to honor its obligations to the District and the citizens of Palmview.

OG Construction has failed to perform its work per contract. OG Construction is months behind schedule and its work contains uncorrected deficiencies. Despite ample notice and months of time to address its default, and after every opportunity has been provided by the District to OG Construction to prevent termination, the District has been left with no choice other than to terminate the contract with OG Construction.

Although OG Construction has the contractual obligation to inspect all of its work using videos, in August 2019, the District conducted a video inspection of parts of OG Construction's work which revealed damaged and defective work. The District informed OG Construction of the damaged and defective work and gave it ample time to "cure," or fix, the defects.

Unfortunately, OG Construction has refused to comply with the terms of the contract to complete its work according to the plans and the schedule. The video inspection covered approximately 10% of the "completed" work and revealed failures along the installed sanitary sewer line, including obstacles in pipes, deposits of extraneous materials in the pipe, lining failures at pipe joints, broken pipes, pipe sags, misaligned grades and service connection blockages, among other defects.

District officials were alarmed to discover these deficiencies. If not discovered by the camera inspection of pipes buried deep underground, the District would have remained unaware of the failures and inherited a faulty system from the onset. Agua provided OG Construction a list of items that require correction to ensure the installed work complies with the project's design and Texas Commission on Environmental Quality regulations.

While completing the work on this long-delayed project remains a high priority, the District refuses to accept substandard work for the sake of completion. Under the terms of the contract, the District will require all work be free of defects and the District will not issue OG Construction a certificate of substantial completion until all work is satisfactorily complete and all deficiencies have been corrected. To date, OG Construction has repeatedly refused to remedy their damaged and defective work. Instead, OG Construction has put forward excuses and has spread untruths about the Project in meetings and with the press.

Therefore, out of an abundance of caution and to keep this project progressing in the best interest of the District and its customers, the District has decided that it has no other choice but to terminate its contract with OG Construction Company, LLC.

While the District recognizes that this decision may result in frustration among community members who have been patient with the contractor's work over the course of the project, the District assures the community that this decision was made in the best interest of District customers and the decision was not made lightly. The District will work with all stakeholders to ensure the interests of the public are met and all concerns with the project are addressed.

District officials are committed to ensuring the integrity of this project and seeing it through completion. Upon termination of the contractor, the District will find alternative means to remedy the situation as efficiently and expeditiously as possible, with the support of the funding agency, state officials, and the City of Palmview. District officials ensure Agua SUD customers and the community-at-large that they will remain transparent and keep the community abreast of all updates during this process.